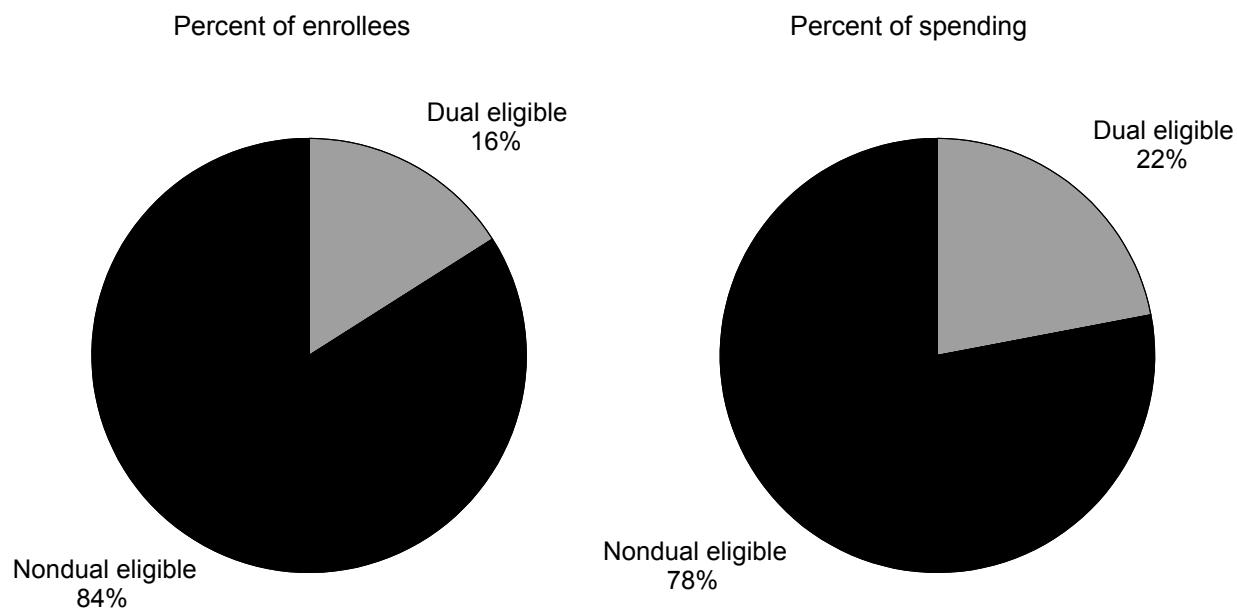


S E C T I O N

2

Dual eligible beneficiaries

Chart 2-1. Dual eligible beneficiaries account for a disproportionate share of Medicare spending, 2002

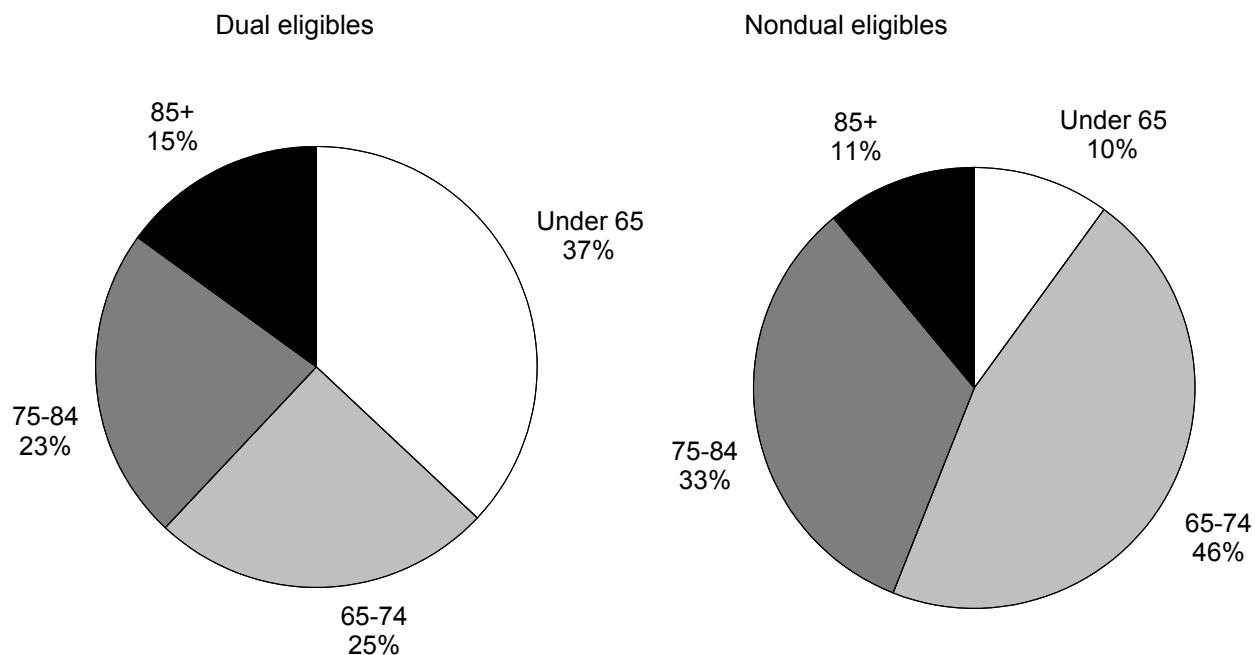


Note: Dual eligibles are designated as such if the months they qualify for Medicaid exceed months they qualify for other supplemental insurance.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2002.

- Dual eligible beneficiaries are those who qualify for both Medicare and Medicaid. Medicaid is a joint federal and state program designed to help low-income persons obtain needed health care. (More information on dual eligibles can be found in Chapter 3 of MedPAC's June 2004 Report to the Congress, available at http://www.medpac.gov/publications/congressional_reports/June04_Ch3.pdf.)
- A disproportionate share of Medicare expenditures is spent on dual eligible beneficiaries: Dual eligibles account for 16 percent of Medicare beneficiaries and 22 percent of Medicare spending.
- Dual eligibles cost Medicare about 1.5 times as much as nondual eligibles: \$8,893 is spent per dual eligible beneficiary, and \$5,815 is spent per nondual eligible beneficiary.
- Total spending—which includes spending by Medicare, Medicaid, supplemental insurance, and out-of-pocket across all payers—for dual eligibles averaged about \$20,663 per person in 2002, almost twice the amount for other Medicare beneficiaries.

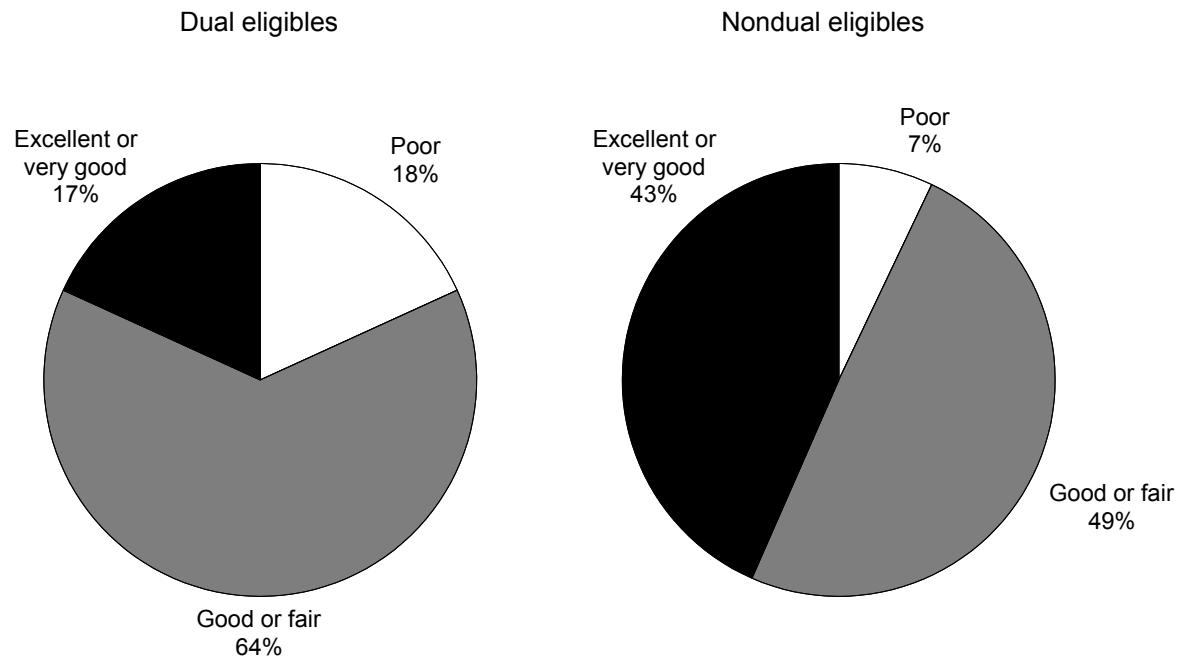
Chart 2-2. Dual eligibles are more likely than nondual eligibles to be disabled or over 85 years old, 2002



Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2002.

- More than one-third of dual eligibles qualify for Medicare because they are disabled, and 11 percent are age 85 or older. Dual eligibles are over three times more likely to be eligible for Medicare because they are disabled than the nondual eligible population.

Chart 2-3. Dual eligibles are more likely than nondual eligibles to report poorer health status, 2002



Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2002.
Totals may not sum to 100 due to missing responses.

- Relative to nondual eligibles, dual eligibles report poorer health status. The majority report good or fair status, but just under 20 percent of the dual eligible population report being in poor health (compared with less than 10 percent of the nondual eligible population).
- Dual eligibles are more likely to suffer from cognitive impairment and mental disorders, and they have higher rates of diabetes, pulmonary disease, stroke, and Alzheimer's disease than do nondual eligibles.
- Almost one-quarter of dual eligibles reside in an institution, compared with 3 percent of nondual eligibles.

Chart 2-4. Demographic differences between dual eligibles and nondual eligibles, 2002

Characteristic	Percent of dual eligible beneficiaries	Percent of nondual eligible beneficiaries
Sex		
Male	38%	45%
Female	62	55
Race/ethnicity		
White, non-Hispanic	55	84
African American, non-Hispanic	22	7
Hispanic	15	6
Other	8	3
ADLs		
No ADLs	43	70
1–2 ADLs	24	19
3–6 ADLs	33	11
Residence		
Urban	73	77
Rural	27	23
Living arrangement		
Institution	22	3
Alone	31	28
Spouse	16	55
Children, nonrelatives, others	31	13
Education		
No high school diploma	59	26
High school diploma only	21	31
Some college or more	16	42
Income status		
Below poverty	61	9
100–125% of poverty	18	8
125–200% of poverty	14	21
200–400% of poverty	4	35
Over 400% of poverty	2	27
Supplemental insurance status		
Medicare or Medicare/Medicaid only	91	12
Medicare managed care	0	16
Employer	1	38
Medigap	1	26
Medigap/employer	0	5
Other*	6	2

Note: ADL (activity of daily living). Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for other supplemental insurance. Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2002, poverty was defined as \$8,628 for people living alone and \$10,885 for married couples. Totals may not sum to 100 due to rounding.

*Includes public programs such as the Department of Veterans Affairs and state-sponsored drug plans.

Source: MedPAC analysis of Medicare Current Beneficiary Survey, Cost and Use file, 2002.

- Dual eligibles are poor because they qualify for Medicaid due to low incomes: Over 60 percent live below the poverty level, and 93 percent live below 200 percent of poverty. Compared to nonduals, dual eligibles are more likely to: be female, African American, or Hispanic; lack a high school diploma; have greater limitations in activities of daily living; reside in a rural area; and live in an institution, alone, or with persons other than a spouse.

Chart 2-5. Differences in spending and service use between dual eligibles and nondual eligibles, 2002

Service	Dual eligible beneficiaries	Nondual eligible beneficiaries
Average Medicare payment for all beneficiaries		
Total Medicare payments	\$8,893	\$5,815
Inpatient hospital	4,025	2,185
Physician ^a	2,308	1,477
Outpatient hospital	992	483
Home health	421	219
Skilled nursing facility ^b	823	260
Hospice	203	91
Percent of beneficiaries using service		
Percent using any type of service	91.2%	74.8%
Inpatient hospital	26.9	16.8
Physician ^a	89.5	73.0
Outpatient hospital	73.0	53.8
Home health	8.9	5.8
Skilled nursing facility ^b	8.0	3.2
Hospice	2.6	1.4

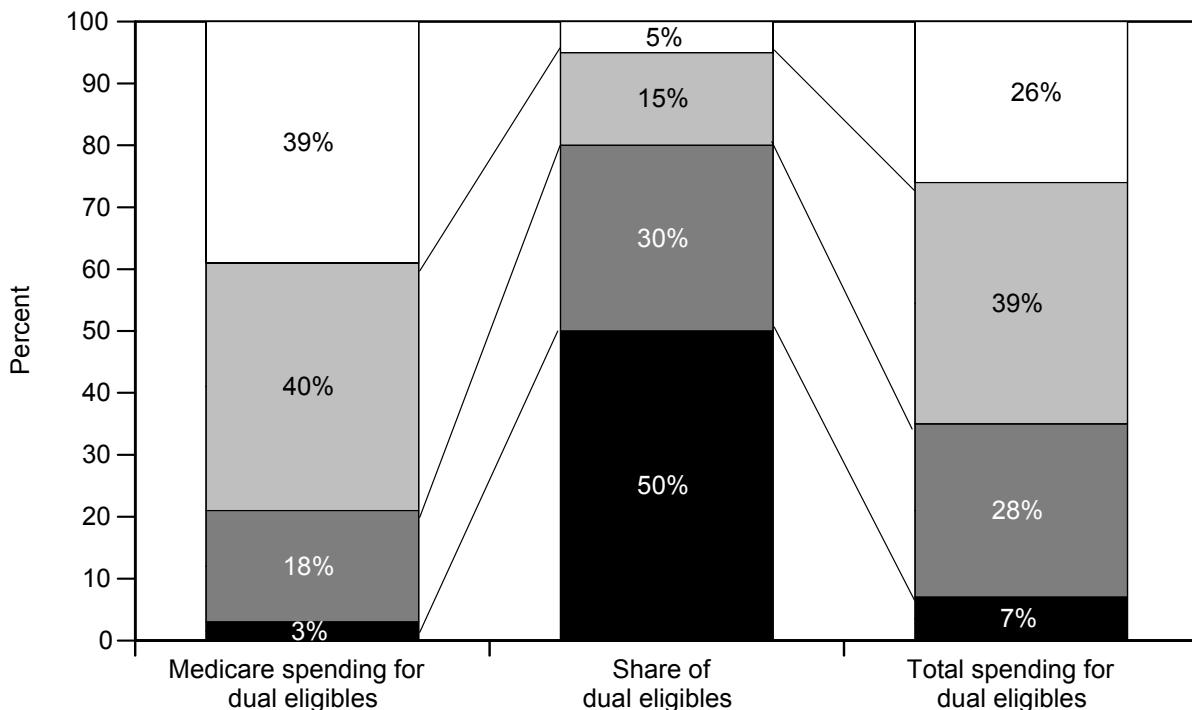
Note: ^aIncludes a variety of medical services, equipment, and supplies.

^bIndividual short-term facility (usually skilled nursing facility) stays for the Medicare Current Beneficiary Survey population.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2002, which updates the previous analysis by Liu et al. in 1998.

- Average per capita spending for dual eligibles is 53 percent higher than for nondual eligibles—\$8,893 compared to \$5,815.
- For each type of service, average Medicare per capita payments are higher for duals than nonduals. The largest percentage difference between the two groups is in skilled nursing facility (SNF) and hospice services, for which Medicare spends over twice as much on duals as on nonduals.
- Higher average per capita spending for duals is a function of both a higher proportion of duals using services than nonduals, as well as greater volume or intensity of use among those using services. A higher proportion of duals than nonduals uses at least one Medicare-covered service—91 versus 75 percent.
- Duals are more likely to use each type of Medicare-covered service than nonduals; for example, duals are more than twice as likely to use SNF services.

Chart 2-6. Both Medicare and total spending are concentrated among dual eligible beneficiaries, 2002



Note: Total spending includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use files, 2002.

- Annual Medicare spending is concentrated among a small number of dual eligible beneficiaries. The costliest 20 percent of duals accounts for 79 percent of Medicare spending on duals; in contrast, the least costly 50 percent of duals accounts for only 3 percent of Medicare spending on duals. Of the 1 percent of all beneficiaries for whom Medicare spending is the highest, one-third are dual eligible. Similarly, of the costliest 5 percent of beneficiaries, a quarter are dual eligible.
- The distribution of total spending for dual eligibles is similar, but somewhat less concentrated than the distribution of Medicare spending. For example, the top 5 percent of duals accounts for 26 percent of total spending, which includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending (compared with 39 percent of Medicare spending).
- On average, total spending for duals is almost twice as high as that for nonduals—\$20,663 compared to \$11,073.

Chart 2-7. Dual eligible beneficiaries report generally good access to care

Question	Dual eligible beneficiaries	Nondual eligible beneficiaries
Do you have a personal doctor or nurse? Yes	88.9%	93.6%
In the last 6 months, if you needed care right away, did you usually or always get care as soon as you wanted? Yes	87.2	92.3
In the last 6 months, if you made any appointments with a doctor or health care provider, how often did you get an appointment as soon as you wanted? Usually or always	85.3	91.0

Source: MedPAC analysis of CAHPS (Consumer Assessment of Health Plans Survey) for fee-for-service Medicare, 2003.

- Dual eligible beneficiaries often possess characteristics associated with needing care—limitations in activities of daily living and poor health status, for example—as well as having difficulty obtaining care—such as being poor and poorly educated.
- Survey results indicate that most duals rate their access to care lower than beneficiaries with other sources of supplemental insurance.

Web links. Dual eligible beneficiaries

- Chapter 3 of the MedPAC June 2004 Report to the Congress provides further information on dual eligible beneficiaries.

http://www.medpac.gov/publications/congressional_reports/June04_ch3.pdf

- The Kaiser Family Foundation provides information on dual eligible beneficiaries.

<http://kff.org>

- The CMS Medicaid Chartbook provides information on the Medicaid program.

<http://www.cms.gov/charts/medicaid/2tchartbk.pdf>